

**AUGUST 27, 2014, MEETING MINUTES**  
**BEFORE THE BOARD OF OIL, GAS AND MINING**  
**DEPARTMENT OF NATURAL RESOURCES**  
**IN AND FOR THE STATE OF UTAH**

---ooOoo---

A public meeting was held on Wednesday, August 27, 2014, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

**ATTENDEES:**

**BOARD MEMBERS:**

Ruland Gill, Board Chair  
Kelly Payne, Vice-Chair  
Mike R. Brown, BOGM - Excused  
Susan S. Davis, BOGM  
Chris Hansen, BOGM - Excused  
Carl Kendell, BOGM  
Gordon L. Moon, BOGM

Randy Thackeray, O&G Program  
Zeke Clements, O&G Program  
Jan Morse, AMRP Program  
Leslie Heppler  
Cheryl Parker, Coal Program  
Steve Christensen, Coal Program  
Lisha Cordova, O&G Program  
April Abate, Mining Program

**DIVISION:**

Mike Johnson, AAG, BOGM  
Douglas J. Crapo, AAG, Division  
Steven F. Alder, AAG, Division  
Earlene Russell, Admin. Assistant  
Jim Springer, PIO  
Dana Dean, Assoc. Dir. Mining  
John Rogers, Assoc. Dir. Oil & Gas  
Steve Schneider, Admin. Policy Coord.  
Julie Ann Carter, Board Secretary  
Clinton Dworshak, Compliance  
Dustin Doucet, Petroleum Engineer  
Daron Haddock, Coal Program Mgr.

**MEMBERS OF THE PUBLIC:**

Mark Compton, Utah Mining Association  
Robin Hansen, representing Jerry Kenczka,  
for the Vernal BLM  
Ed Bonner, School and Institutional Trust  
Lands Administration  
LaVonne Garrison, School and Institutional  
Trust Lands Administration  
Chris Fausett, School and Institutional Trust  
Lands Administration  
Denise Drago, Snell and Wilmer  
Doug Thornton, U.S. Oil Sands  
Annie Smith, U.S. Oil Sands

The Division of Oil, Gas and Mining conducted a Briefing Session at 8:00 a.m. The Vice Chairman, Kelly L. Payne, called the meeting to order at 8:00 a.m. John R. Baza conducted the meeting.

1. Oil Shale and Oil Sands update

Ms. April Abate, Mining Engineer, gave an update on what is happening at the Southwest #1 Mine, operated by Red Leaf Resources, and the P.R. Springs Mine, operated by U.S. Oil Sands. Both mines are developing procedures for processing unconventional fuels such as oil sands and oil shale.

2. September Field Trip

Mr. John Baza gave a report on the September field trip and hearing in the Uintah Basin. The Board will tour the Petroleum Technology facility at the Uintah Basin Applied Technology

College, and in the afternoon there will be a tour of a drill rig. The Board hearing will be held at the Vernal City Offices the next day.

3. Other
  - New Employee Cheryl Parker was introduced. She is a new Mining Engineer in the Coal Program.
  - The winner of the Employee award is Bart Kettle. The award was presented to him at the Annual Summer Meeting.
  - The Division's Customer Service survey is underway.
4. Next Month's Agenda and Division Calendar  
Uintah Basin Energy Summit 9/4
5. Opportunity for Public Comment  
No members of the public came forward.

The Board Chairman, Ruland J. Gill, Jr., closed the Briefing Session at 8:30 a.m.

THE BOARD HEARD THE FOLLOWING MATTERS AT 9:00 AM:

1. [Docket No. 2009-015 Cause No. WD-04-2009](#) – In the Matter of the Request for Agency Action of Utah Division of Oil, Gas, and Mining for a Cessation Order and Civil Penalties Against Montezuma Well Service, Inc., and Earl Martinez, Owner and Operator of the Montezuma Creek Waste Disposal Facility Section 14, T 40 So., R. 22 East, San Juan County, Utah.

*(Continued from the December 4, 2013, Board Hearing. The Division will report on Montezuma's efforts to address clean-up issues.)*

Time: 9:04 a.m. - 9:19 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Michael R. Brown and Chris D. Hansen were excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division - Steven F. Alder, Assistant Attorney General, Natural Resources.  
Witnesses: Lisha Cordova.

Representing SITLA – Chris Fausett, Resource Specialist

Representatives of Montezuma Well Service Inc. were not present.

Ms. Lisha Cordova gave a report on cleanup efforts at the Montezuma Creek Waste Disposal Facility. Montezuma is making good progress on cleanup efforts, but it will be some

years before the cleanup is finished. The Division requested that the Board continue the matter to next year for another report. SITLA is in support of the Division's efforts. The Board continued the matter to the August 2015 hearing for review, by unanimous vote.

2. [Docket No. 2014-029 Cause No. E0470066](#) - In the Matter of the Notice of Agency Action to withdraw CROWN ASPHALT RIDGE, LLC's Notice of Intention to Conduct Exploration, forfeit a reclamation bond, authorize the Division of Oil, Gas and Mining to reclaim property within the Northeast Quarter of Section 31 in Township 4 South, Range 21 East of the Salt Lake Meridian, Uintah County, Utah.

Time: 9:19 a.m. - 9:47 a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Michael R. Brown and Chris D. Hansen were excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division - Steven F. Alder, Assistant Attorney General, Natural Resources.  
Witness: April Abate.

Counsel for Tar Sands Holding II - Denise Dragoo, Snell & Wilmer, LLP.

The Division requested an Order of the Board forfeiting to the Division the surety held by Zions Bank and the certificate of deposit, and authorizing the Division to use those funds for the reclamation of the work as authorized, as provided for under statute. The Board granted the request by unanimous vote.

3. [Docket No. 2014-030 Cause No. 264-04](#) – In the Matter of the Petition by the Division of Oil, Gas and Mining for an Order: (1) Forfeiting to the Division all funds evidenced by certificates of deposit (#003525857) and (#003525790) in the amounts of \$30,000 and \$70,754, held by Bank of the West, Sandy, Utah for the Division as surety for the plugging and abandonment of the State 2-23 and State 2-43x wells, located in Section 2, T16S, R12E, Emery County, Utah, formerly operated by GENESIS PETROLEUM US INC.; (2) Ordering the Bank of the West to deliver the amounts deposited and held in said accounts for the Division and authorizing the Utah Attorney General to take any and all actions necessary to obtain the delivery of these funds; (3) Authorizing the Division to use the funds to complete plugging and reclamation of the State 2-23 and State 2-43x wells and the lands affected by the wells; (4) Authorizing the Division to take other action necessary to recover from GENESIS PETROLEUM US INC. any and all costs associated with the plugging and reclamation of the State 2-23 and State 2-43x wells; and Authorizing any other action the Board deems reasonable and appropriate.

Time: 9:01 a.m. - 9:04. a.m.

Board Members present - Ruland J. Gill, Jr., Chairman, Kelly L. Payne, Vice-Chairman, Susan S. Davis, Carl F. Kendell, and Gordon L. Moon. Michael R. Brown and Chris D. Hansen were excused.

Counsel for the Board - Michael S. Johnson, Assistant Attorney General, Natural Resources.

Counsel for the Division - Steven F. Alder, Assistant Attorney General, Natural Resources.

Counsel for Bank of the West - Martin K. Banks, Stoel Rives, LLP.

The Division and Bank of the West are working on an agreement and asked the Board to continue the matter for one month. The Board continued the matter to the next Board hearing by unanimous vote.

The meeting adjourned at 9:48 a.m.

Copies of the agenda are available at [www.ogm.utah.gov](http://www.ogm.utah.gov) and at the administrative offices. Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing. One or more members of the Board may participate electronically pursuant to R641-100-600. The specified meeting location would serve as the anchor location for participation by the public.